

STOCK CRASHES, BANKER-JUDGES,
and FUNERAL DIRECTORS
by Sherman H. Skolnick

Century has had four stock crashes, 1907, 1929, 1937, and 1987. Early in 1987, I began commenting to acquaintances that I knew or suspected were plungers in the market, telling them, "You know, October is crash month. You would be better off to stick to the business you know lots about and leave the stock peddlers and stock swindlers to themselves."

Too often, their response went like this, "Sherman, since when are YOU a known financial commentator? You have no MBA---why, you did not even graduate from college."

"Well, as to college, I won first place in a college scholarship contest on merit. But I was put in with a bunch of dummies. Remember, I was a math major. My high school teacher was a protege of ALbert Einstein but the teacher had incorrect politics, so they sent the teacher to strenuous work, in an out of the way high school for crippled children. As a punishment, the teacher previously had been assigned to teach in a prison", I pointed out.

Giving more background, I added, "I gave back the college scholarship after 3 semesters because I wasn't learning anything I could not find out myself in the library," restraining myself from becoming insulting.

"The known financial experts--and that's not you--say we are in roaring prosperity. Things are wonderful," my suspected stock gambling friend retorted. "And you, Sherman, should stick to court reform and stop making stupid opinions about stock markets."

"Look, friend, I and my pals study financial matters because the key judges in America, from the start of this nation, have also owned and operated banks. AND: they do not disqualify themselves when THEIR BANK and THEIR BIG CUSTOMERS end up somehow in THEIR COURT," I bristled, adding, "Look, over the years, the big-time crooked judges our work sent to prison---most were BANKERS."

"So what", my unimpressed acquaintance shot back. And in an angry tone, I sneered, "With a system riddled with Banker-Judges, guess who wins in THEIR crooked court, huh?"

"Look, I have been checking the trends and such, and I believe October 19, 1987, will go down in history as Black Monday. But you can dismiss what I say and instead History will teach you a permanent and bitter lesson. So forget what I say," I finally said, resigning myself to being unheard.

So months later, on Monday, October 19, 1987, I was sitting with a friend eating a late lunch in a restaurant some distance from downtown Chicago. The TV there was on and the news was the market heading for a 500 point free-fall. My friend suggested we hurry

up and get down to La Salle Street. "Why there?" I asked. The friend said, "Maybe they will jump out of windows". Cynically, I pointed out, "In modern buildings, the windows don't open up. The suicides after the 1929 crash were mostly into the 1930s, when things became really hopeless. Besides, if they jump out of a window on La Salle Street, they may damage the uninsured roof of your car as we drive by". So we sat and watched the debacle on the tube.

About a week later I met some of my acquaintances at a luncheon meeting. Feeling proud of my bull's-eye prediction, I sarcastically asked, "So, did you get your ass out of the market like I suggested, huh?" That "drop dead" look was all I got as several such apparently now-stricken stock plungers walked by with their plate of food. Secondary sources informed me that certain folks I knew got "burned" big in the Crash. One such finally screamed at me, "If assholes like you would just shut your rotten big mouth, we would have a prosperity and no stock crashes." Some now former-acquaintances have not talked to me ever since.

When early 1999 came around, I began saying, "Hey, friend, October is crash month." BUT: to hedge my predictions---and predictions can be risky---I said, "Well, it may be the beginning of a bad slide which may end up later as a crash. Or, the crash may not be that dramatic but prolonged."

Like in 1987, I was heckled by acquaintances all hung up on university diplomas hanging on the wall, Wharton School of Business degrees and such. "Look, this is a new era, business cycles are obsolete. Computers are part of the new prosperity technology", I heard them mouth off. Established pundits said about the same thing on Radio, TV, and in the press.

New era talk, I thought to myself. Some of those so-called "long-term investors" may end up eating out of garbage cans like in the Depression. As a child, I remember seeing former bigshot stock salesmen walking down the street in the last of their now threadbare good suits, without a coat, into the winter winds. The 1930s was a decade when a lot of people died, unemployed, sick, heartbroken. I always thought the Great Depression had murdered them. By 1935, the Wall Street Journal almost went bust. The name "Stock and Bond Salesmen", in my neighborhood, was a dirty word in those days.

I suspect the Great Gold Crisis of 1999, censored by the monopoly press, may be the crack in the wall of the so-called prosperity, a false feeling of good times pumped up by easy credit, and a flood of Federal Reserve Notes masquerading as the so-called "U.S. Dollar", backed by nothing, not gold, not silver, just hot-air promises. Savvy folks call gold the "killer metal", destroyer of the paper money world. How many just ordinary folks will lose their property when the ultra-rich scoop up homes, office buildings, and factories and such for a penny on the mortgaged dollar?

In all this, facing their own prosperity, the bankruptcy judges and lawyers stand to gain. In some big cities like Chicago, as I have pointed out publicly, they operate a "Bankruptcy Club", where favorable decisions are bartered, brokered, and purchased, and the law and the facts be damned. I call them, "America's Funeral Directors".

Other than panic newsletter publishers, WHO is there in a clear, unhysterical voice to warn us of the inevitable economic elevator of business cycles? Is that elevator on the way down? Is the down button, as before, marked OCTOBER?